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Federal Communications Commission
Office of the Secretary

Before the
Federal Communications Commission
Washington, D.C. 20554

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In the Matter of)
)
Billed Party Preference)
for 0+ InterLATA Calls)

FCC MAIL BRANCH
CC Docket No. 92-77

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Comments of the Michigan Public Service Commission Staff

The Federal Communications Commission (FCC) is considering instituting Billed Party Preference (BPP) for interLATA calls which are dialed "0+." Zero-plus calls are those that require dialing "0" first, then the long distance number being called, without having to dial an access code before dialing the zero. These calls are usually made from a payphone and require operator assistance. At present, these calls are routed to the operator service provider (OSP) that has been pre-selected by the owner of the payphone, or by the owner of the premises on which the payphone is located.

Billed Party Preference is an idea proposed by Bell Atlantic, for all payphones located in equal access areas. Under Billed Party Preference, zero-plus calls would be sent to the operator service provider already chosen by the person paying for the call, instead of to the OSP that has been presubscribed for that telephone. Therefore, each zero-plus call would be sent first to the operator service switch of the local exchange company (LEC) in order to identify the preferred carrier, and would then be sent on to the appropriate operator service provider.

This service would apply to collect calls, calling card calls, or bill-to-third-number calls. An additional option under BPP is that a customer could have two pre-selected operator service providers, in case the first OSP does not offer service in the area from which the customer happens to be calling. The customer could indicate which OSP s/he wants to handle the call by using different calling card numbers.

The FCC has tentatively concluded that Billed Party Preference would be a benefit to customers, cutting down or eliminating the great amount of confusion that exists when one dials 0+ and tries to get his/her operator service of choice. Dialing requirements would not be as complicated. Callers would be free to use one operator service provider for all of their zero-plus calls, or they could vary the operator service provider simply by using a different calling card. A third option would be to "dial around" either of the OSPs selected by the caller, by dialing an access code for another (a third) operator service provider.

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0+9

This maneuverability of services is possible due to the advanced technology of Signaling System 7 (SS7) equipment and the Line Identification Data Base (LIDB) system, which would be used to determine the preferred carrier of the billed party and route the call accordingly.

The Michigan Public Service Commission Staff (Staff) agrees with the FCC that a national system of Billed Party Preference is in the public interest and should be instituted as soon as possible. A Billed Party Preference system that has simple and uniform dialing requirements would help to lessen consumer confusion and frustration. Under BPP, telephone users would be assured of their calls being handled by their preferred carrier at that carrier's known rates. Moreover, end users would no longer have to suffer call blocking, which is an idea antithetical to a competitive marketplace.

The Michigan Public Service Commission Staff has the following additional comments on the specific issues raised by the FCC in its Notice of Proposed Rulemaking dated April 9, 1992.

1. Is it feasible, under Billed Party Preference, for local exchange carriers to perform a 14-digit identification, thereby permitting the OSPs to retain calling cards which are line number-based? (A line number-based calling card is one with a 14-digit account number, the first ten digits of which are the subscriber's telephone number.) This would also permit the LECs to retain billing services for the operator service provider as a part of its business. The FCC is also concerned about potential fraud problems associated with identifying more than one Personal Identification Number (PIN) with each telephone line.

STAFF: The benefits of Billed Party Preference to the general public are great, and should not be denied on the basis of the potential for fraudulent acts regarding PINs. Rather, the FCC needs to declare such acts illegal and ensure that they are prosecuted. Additionally, LECs should incorporate as many protections as possible in the Billed Party Preference system to protect against such instances of fraud.

2. What are consumers' attitudes towards the current access code dialing system, and how might those attitudes change during the period prior to the implementation of Billed Party Preference? The Commission points out that, while Billed Party Preference would be simpler, callers have had several years to learn access code dialing.

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STAFF: It would not be necessary for consumers to abandon access code dialing, if they have become accustomed to it and prefer to use that system. Billed Party Preference does not have to replace the access code system for those customers who prefer it; rather, BPP can augment this system and present consumers with an additional method of accessing their operator service provider. BPP is a more "user-friendly" system and should be available for those customers who do not wish to use access codes, thus providing marketplace choice, the essence of competition.

3. What effect would Billed Party Preference have on competition in the operator services market? The Commission believes BPP would focus competition on service to the telephone user rather than contracting as many payphone providers as possible. Under BPP, every interexchange carrier (IXC) would have the same opportunity to offer its customers zero-plus dialing. The Commission believes Billed Party Preference has the potential to be pro-competitive, because it offers the customer the choice of operator service provider rather than forcing the customer to use the OSP pre-selected for that phone.

STAFF: Because it is the end user who is making the choice of carrier and because this is the person paying the bill for the service, that person should properly become the focus of competitive efforts by interexchange carriers and operator service providers. Staff agrees that Billed Party Preference would tend to concentrate competition on service to the customer rather than the provider of payphones, and this is all to the good. While Billed Party Preference will provide the customer access to his or her preferred OSP, the customer should also be able to use a telephone charge card when utilizing access codes to contact any other carrier he or she desires to use.

4. What are the costs of Billed Party Preference? The Commission needs specific, documented cost information if BPP were to be used for: interLATA payphone traffic alone; all interLATA public phone traffic; all interLATA zero-plus traffic from any phone; all interLATA zero-plus and zero-minus traffic from any phone. (Zero-minus calls are those that occur when a caller dials zero and waits for the local exchange operator to answer.) Part and parcel of the cost information is the effect on rates.

STAFF: Once reliable cost information is obtained, the FCC should develop accounting standards that assign the costs of Billed Party Preference to the companies that most benefit from this service (the operator service providers). Costs should then be recovered by the OSPs from their customers if they so choose. LECs should keep the costs of Billed Party Preference separate (as they do equal access charges) and should bill on a flat rate, quarterly basis, the operator service providers or those companies that handle calling card calls.

5. Would callers have to provide their calling card numbers twice, first to the LEC operator and then again to the OSP operator? It appears this would not be necessary if the LECs use SS7 equipment, the LIDB system, and Automated Alternate Billing Services (AABS). (The latter permits LECs to identify collect and third-number calls automatically.) The Commission asks several questions regarding these technologies, among them the cost, availability, likely use, set-up time and the functionality of appropriate customer premises equipment.

STAFF: With the capability of today's technology, it is not necessary for a customer to have to input his/her calling card number more than once. There should be no need for operator intervention or for re-keying information. The appropriate technology is available today, and the FCC should mandate its installation in order to accomplish these efficiencies and provide customers the benefits of BPP.

6. What will be the impact of Billed Party Preference on access times for operator-serviced calls? What is the significance of any increased access time since, under Billed Party Preference, callers would no longer have to dial access codes, and they would be receiving instructions from the LEC during the call set-up period, which could reduce the incidence of call abandonment?

STAFF: The issue of operator access times is a quality of service standards issue. The FCC should mandate standards in this regard that are superior to today's performance standards and incorporate them into the structure of Billed Party Preference. With today's technology, delays in call processing should not occur.

7. What might be the impact of Billed Party Preference on competition in the payphone market? Under the current system, payphone providers receive commissions, paid by the OSP that is pre-subscribed to their phone(s). Under Billed Party Preference, these commissions, effectively, would be eliminated. The FCC would also like commenters to consider the impact of BPP on "smart" payphones. ("Smart" payphones are those that perform call processing functions within the phone itself.)

STAFF: When dialing patterns change, payphone providers need to change to accomodate them. Any changes in an industry that occur or need to occur as a result of providing a superior product or service are a cost of doing business and need to be viewed as such by all concerned, particularly in a competitive marketplace. "Smart" phones will need to become smarter: they will need to have improved software installed to enable them to handle Billed Party Preference calls. The FCC should set a date for compliance with these standards.

8. Should Billed Party Preference be implemented by all LECs? The Commission points out BPP would be beneficial only if dialing requirements were uniform around the country. Should the FCC amend Part 68 of its rules in order to prohibit payphone providers from using automatic dialing mechanisms that would program their phones to dial around BPP?

STAFF: In order for Billed Party Preference to supply maximum benefit, it should be offered by all LECs around the country. The implementation plan for BPP should be scheduled for the end of the depreciation life of the equipment in place. If Billed Party Preference is to be effective, Part 68 of the FCC's rules need to be amended to prohibit payphone providers from installing mechanisms that automatically dial around BPP.

9. For what types of calls should Billed Party Preference be implemented: interLATA zero-plus payphone traffic only; all interLATA zero-plus public phone traffic; all interLATA zero-plus traffic; or, all interLATA zero-plus and zero-minus traffic? Ideally, the Commission believes all zero-plus calls should be handled by the billed party's carrier; also, a uniform dialing plan for any operator-assisted call made by the customer would be more readily understood by him or her.

STAFF: Staff believes Billed Party Preference would provide maximum service if it is available for all zero-plus and zero-minus calls.

10. What is the process by which a zero-plus carrier should be assigned to each telephone line? For instance, LECs could ballot their subscribers, assigning by default those customers who do not reply to their 1+ carrier. Or, the LEC could notify its customers of their right to choose different 1+ and 0+ carriers, and implement these choices upon customer request.

STAFF: Customers should be sent a notice about the availability of Billed Party Preference and should be asked to choose a primary and secondary OSP, at no charge. An affirmation statement from the customer, with signature, should be kept on file by the LEC. Any changes made by the customer after his/her initial choice should incur a minor charge. To prevent any SLAMMING problems, LECs should require written applications for any future changes customers make in their preferences. All preference changes should be followed up with a notice in the customer's next monthly bill, identifying the former carrier(s) and the new carrier(s).

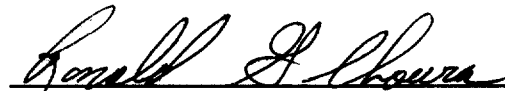
11. How should commercial credit cards and foreign-issued calling cards be handled under Billed Party Preference? How would LECs handle calls billed to users in foreign countries?

STAFF: The owner of the commercial credit card should pre-select the OSP that will handle the calls. Calls made using foreign-issued calling cards should default to the 1+ carrier or to the pre-selected carrier of the payphone.

12. What is the process by which a secondary operator service provider should be assigned to each telephone line? Should the primary OSP choose different secondary OSPs for different regions of the country, or can the customer choose both?

STAFF: The customer should select both primary and secondary OSPs. An auditory response system should be part of the Billed Party Preference structure so that if neither of the two OSPs operates in the area the customer happens to be calling from, s/he is informed of that and is given a list of options to choose from at that point.

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